

## INFLATION PROTECTED BOND FUND

Institutional: BPRIX • Investor A: BPRAX • Investor C: BPRCX

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### Fund Highlights

- **High-Quality Inflation Protection:** Treasury Inflation-Protected Securities (TIPS) are high-quality, government-issued securities that can offer a hedge against inflation.
- **A Distinct Portfolio Diversifier:** TIPS demonstrate low correlation to other fixed income asset classes, making them potential diversifiers for most portfolios.
- **Active Management Expertise:** The team creates a portfolio of TIPS across varying maturities, carefully determining proper maturity weightings and yield-curve positioning.

### % AVERAGE ANNUAL TOTAL RETURNS (12/31/15)<sup>1</sup>

Without Sales Charge	1 Year	3 Years	5 Years	10 Years	Inception
Institutional	-2.10	-2.62	2.01	3.97	4.48
Investor A	-2.43	-2.93	1.68	3.64	4.14
Investor C	-3.08	-3.63	0.96	2.89	3.43
With Sales Charge	1 Year	3 Years	5 Years	10 Years	Inception
Investor A	-6.34	-4.24	0.86	3.22	3.77
Investor C	-4.03	-3.63	0.96	2.89	3.43
Lipper Category Avg.	-2.45	-2.79	1.59	3.02	—
Morningstar Category Avg.	-2.36	-2.83	1.55	3.01	—
Barclays U.S. TIPS <sup>2</sup>	-1.44	-2.27	2.55	3.93	—

### % CALENDAR YEAR RETURNS (FUND PERFORMANCE WITHOUT SALES CHARGES)<sup>1</sup>

	2010	2011	2012	2013	2014	YTD	4Q15
Institutional	6.23	11.88	6.94	-8.11	2.63	-2.10	-0.61
Investor A	5.82	11.47	6.62	-8.34	2.27	-2.43	-0.72
Investor C	5.20	10.68	5.88	-9.02	1.50	-3.08	-0.93
Lipper Category Avg.	5.90	11.04	6.41	-7.35	1.70	-2.45	-0.62
Morningstar Category Avg.	5.94	10.93	6.45	-7.85	1.80	-2.36	-0.62
Barclays U.S. TIPS <sup>2</sup>	6.31	13.56	6.98	-8.61	3.64	-1.44	-0.64

Performance data quoted represents past performance and is no guarantee of future results. Investment returns and principal values may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown. All returns assume reinvestment of all dividend and capital gain distributions. Refer to [www.blackrock.com](http://www.blackrock.com) for current month-end performance. Investment returns reflect total fund operating expenses, net of all fees, waivers, and/or expense reimbursements. Index performance is shown for illustrative purposes only. It is not possible to invest directly in an unmanaged index.

The share classes have different sales charges, fees and other features. Returns with sales charge reflect the deduction of current maximum initial sales charge of 4% for Investor A shares and applicable contingent deferred sales charges (CDSC) for Investor C shares. The maximum CDSC of 1% for Investor C shares is reduced to 0% after 1 year.

Institutional shares have limited availability and may be purchased at various minimums. See prospectus for details.

### CREDIT QUALITY (% MARKET VALUE)

AAA Rated	AA rated	A Rated	BBB Rated	CCC Rated	D Rated	Derivatives	Cash
113.6	1.1	1.7	5.5	0.3	0.3	-0.3	-22.2

The fund itself has not been rated by an independent rating agency. Credit quality ratings on underlying securities of the fund are received from S&P, Moody's and Fitch and converted to the equivalent S&P major rating category. This breakdown is provided by BlackRock and takes the median rating of the three agencies when all three agencies rate a security, the lower of the two ratings if only two agencies rate a security and one rating if that is all that is provided. Unrated securities do not necessarily indicate low quality. Below-investment-grade is represented by a rating of BB and below. Ratings and portfolio credit quality may change over time.

### Lipper Category

Inflation Protected Bond Funds

### Morningstar Category

Inflation-Protected Bond

### Overall Morningstar Rating®: Institutional



Rated against 203 Inflation-Protected Bond Funds, as of 12/31/15, based on risk-adjusted total return. Ratings are determined monthly and subject to change. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) Morningstar Rating metrics.<sup>†††</sup>

### Objective

Seeks to maximize real return, consistent with preservation of real capital and prudent investment management.

### Portfolio Management

Martin Hegarty

Gargi Pal Chaudhuri

### PORTFOLIO STATISTICS

	Fund
Inception Date	6/28/04
Number of Holdings	52
Size of Fund	\$2.8 B
Weighted Avg. Life <sup>3</sup>	10.49 yrs
Effective Duration <sup>3</sup>	7.13 yrs
Dividend Frequency	Monthly

### ANNUAL EXPENSES (% OF ASSETS)

	Total	Net, Including Investment Related	Net, Excluding Investment Related
Inst.	0.55	0.44	0.42
Inv. A	0.97	0.78	0.76
Inv. C	1.55	1.50	1.47

Expenses stated as of the fund's most recent prospectus. Investment dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses are included in the Net, Including Investment Related Expenses and excluded from the Net, Excluding Investment Related Expenses. Institutional, Investor A, Investor C have contractual waivers with an end date of 2/1/17 terminable upon 90 days' notice.

## LIPPER AND MORNINGSTAR RANKINGS (12/31/15)

Lipper Rankings					Quartile Rankings			
	1 Y	3 Y	5 Y	10 Y	1 Y	3 Y	5 Y	10 Y
Inst.	114	82	40	6	2	2	2	1
Investor A	148	105	80	23	3	3	3	2
	Out of 230	Out of 193	Out of 155	Out of 90				
Morningstar Rankings					Quartile Rankings			
	103	80	39	6	2	2	1	1
Investor A	146	108	87	22	3	3	2	1
	Out of 228	Out of 203	Out of 176	Out of 106				

Lipper Category: Inflation Protected Bond Funds. As of 12/31/15, may not accurately represent the current composition of the portfolio. All share classes of the fund are invested in a common portfolio. Rankings are based on total return excluding sales charges. Morningstar Category: Inflation-Protected Bond. Rankings based on total return excluding sales charges, independently calculated and not combined to create an overall ranking.

## SECTOR ALLOCATION

	(% Notional Value)
U.S. Government Related	111.2
Net Derivatives	15.1
Securitized Products	1.0
Non-U.S. Developed	-5.2
Cash	-22.1

RISK MEASURES (3-YEAR)<sup>4</sup>

	Fund	Bench <sup>2</sup>
Standard Deviation	4.83%	5.07%
Beta	0.96	1.00
R-Squared	98.78%	—
Sharpe Ratio	-0.44	-0.44

## YIELD (%)

Standardized 30-day SEC yield as of 12/31/15

	SEC Yield	Unsubsidized Yield
Institutional	-0.08	—
Investor A	-0.41	—
Investor C	-1.31	—

The fund's 30-Day SEC Yield is adjusted daily based on changes in the rate of inflation, as provided by the Department of Labor schedule that reflects how the monthly Consumer Price Index (CPI) is accrued daily. An exceptionally high 30-Day SEC yield may be attributable to a rise in the inflation rate, which might not be repeated.

30-day SEC Yield: A standard calculation of yield introduced by the SEC to provide fairer comparison among funds. This yield reflects the interest earned after deducting fund expenses during the most recent 30-day period by the average investor in the fund. Unsubsidized SEC Yield: Represents what a fund's 30-Day SEC Yield would have been had no fee waivers or expense reimbursement been in place over the period. Negative 30-Day SEC Yield results when accrued expenses of the past 30 days exceed the income collected during the past 30 days.

**Negative weightings** may result from specific circumstances (including timing differences between trade and settle dates of securities purchased by the funds) and/or the use of certain financial instruments, including derivatives, which may be used to gain or reduce market exposure and/or risk management. Certain transactions the funds may utilize may give rise to a form of leverage through either additional market exposure or borrowing capital in an attempt to increase investment return. The use of such transactions includes certain leverage-related risks, including potential for higher volatility, greater decline of the fund's net asset value and fluctuations of dividends and distributions paid by the fund. **% Notional Exposures** represents a fund's use of derivatives, including, but not limited to, futures, options and swaps. This value captures the fund exposures as if the derivative was replaced with the underlying asset and the corresponding financing or lending, such that all exposures sum to the net asset value. For non-derivatives, the Market Value and the Notional Market Value are identical.

**Important Risks:** *The fund is actively managed and its characteristics will vary. Holdings shown should not be deemed as a recommendation to buy or sell securities. Bond values fluctuate in price so the value of your investment can go down depending on market conditions. Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. Principal of mortgage- or asset-backed securities normally may be prepaid at any time, reducing the yield and market value of those securities. Obligations of U.S. government agencies are supported by varying degrees of credit but generally are not backed by the full faith and credit of the U.S. government. Non-investment-grade debt securities (high-yield/junk bonds) may be subject to greater market fluctuations, risk of default or loss of income and principal than higher-rated securities. International investing involves risks including, but not limited to political risks, currency fluctuations, illiquidity and volatility. These risks may be heightened in emerging markets. If the index measuring inflation falls, the principal value of inflation-indexed bonds will go down and the interest payable will be reduced. Any increase in the principal amount will be considered taxable ordinary income. Repayment of the original bond principal upon maturity (adjusted for inflation) is guaranteed for U.S. Treasury inflation-indexed bonds. For bonds that do not provide a guarantee, the adjusted principal value repaid at maturity may be less than the original principal. The fund may use derivatives to hedge investments or seek enhanced returns. Derivatives entail risks relating to liquidity, leverage and credit that may reduce returns and increase volatility. You should consider the investment objectives, risks, charges and expenses of the fund carefully before investing. The prospectus and, if available, the summary prospectus contain this and other information about the fund and are available, along with information on other BlackRock funds, by calling 800-882-0052 or from your financial professional. The prospectus should be read carefully before investing. Investing involves risks including possible loss of principal.*

<sup>1</sup> The share classes have different sales charges, fees and other features. <sup>2</sup> The unmanaged Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index comprises U.S. Treasury Inflation Linked Indexed securities. <sup>3</sup> **Weighted Average Life** is the average number of years for which each dollar of unpaid principal on a loan or mortgage remains outstanding. **Effective Duration** measures the sensitivity of the price of a bond with embedded options to changes in interest rates, taking into account the likelihood of the bond being called, put and/or sunk prior to its final maturity date. BlackRock uses a proprietary duration model which employs certain assumptions and may differ from other fund complexes. Effective Duration is measured at the portfolio level and adjusted for leverage, hedging transactions and non-bond holdings, including derivatives. <sup>4</sup> Risk statistics are based on the fund's monthly returns for the 3-year period. Benchmark risk measures are calculated in relation to the Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index. **Standard Deviation** measures the volatility of the fund's returns. Higher deviation represents higher volatility. **Sharpe Ratio** uses a fund's standard deviation and its excess return (difference between the fund's return and the risk-free return of 90-day Treasury Bills) to determine reward per unit of risk. **Beta** measures the fund's sensitivity to market movements; beta greater than 1 is more volatile than the market; beta less than 1 is less volatile than the market. **R-Squared** reflects the percentage of a fund's movements that are explained by movements in its benchmark, showing the degree of correlation between the fund and benchmark. This figure is helpful in assessing how likely it is that beta is statistically significant. **†††** For each fund with a 3-year history, a Morningstar Rating<sup>®</sup> is calculated based on risk-adjusted returns that account for variations in a fund's monthly performance (including sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The fund was rated against the following numbers of U.S.-domiciled Inflation-Protected Bond funds over the following time periods: 203 in the last 3 years, 176 in the last 5 years and 106 in the last 10 years. With respect to these Inflation-Protected Bond funds, the fund received a Morningstar Rating of 3, 4 and 5 stars for the 3-, 5- and 10-year periods, respectively. Other classes may have different performance characteristics.

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